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Utah Insurance Department

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Summary of Legislation

H B 60 PRODUCER LICENSING AMENDMENTS

Representative Jim Dunnigan

Background

- The authority for the sale of viatical settlements¹ is included in the full-line life insurance line of authority. This authority is the accepted industry standard for licensing for producers who sell viatical settlements. When viatical settlements were added to the Utah Insurance, viatical settlement producers were also included in the limited line of authority licensing section. Because full-line lines of authority require examination and limited lines of authority do not require examination and examination is considered necessary for viatical settlement producers, the viatical settlement line of authority is being removed.
- Over the past several years there has arisen confusion concerning the differences between voluntarily surrendering a license and surrendering a license in lieu of administrative action. This legislation eliminates the confusion.
- One of the conditions for issuing or renewing a non-resident license is the maintenance in good standing of a resident license in the producer's state of domicile. By making failure to maintain a resident license a reason for lapsing a license, the system can automatically inactivate a non-resident license. Without this provision, the department must initiate an adjudicative proceeding to revoke the license for failure to maintain a qualification to hold the license.
- Because appointments are now handled electronically by the insurer without human intervention, the need for the department to know who authorizes the appointment or termination of appointment has been negated. Current language requiring insurers to tell us who authorizes appointment and terminations is obsolete and unnecessary.
- Continuing education across states has been a hodge podge of requirements and total hours required. Utah's current requirement is 12 hour minimum/23 hour

¹ A viatical settlement is a written arrangement in which a person sells his or her life insurance policy to another person. The seller receives an immediate payment of the discounted present value of the policy's death benefit. The purchaser continues the premium payments until the insured person dies at which time the purchaser receives the death benefit of the policy.

maximum, with no less than 5 hours per line of authority and 3 hours of ethics. For example: a single line of authority (5 hours for the line of authority, 3 hours of ethics, 4 hours any product line subject = 12 hours); 4 lines of authority (5 hours per line of authority, 3 hours of ethics = 23 hours). Utah's current standard is very difficult to automate because the hours must be tracked by line of authority. The NAIC adopted a national standard of 3 hours of ethics and 21 hours of product knowledge (total 24 hours). This standard is one of the few national producer licensing standards that Utah has not yet adopted. We have spent the last year speaking to producer organizations to gather support for this change.

- During the past year confusion has arisen over when and how a bail bond surety company that has been suspended for failure to pay a bail forfeiture judgment has that suspension lifted.

Effects of Legislation

- Requires producers of viatical settlements to have an existing full-line life insurance line of authority license or take the examination for a full-line life insurance line of authority license.
- Adds or modifies code sections to clarify the following licensing issues:
 - that the commissioner must accept a license surrender;
 - that a lapsed or voluntarily surrendered license may be reinstated within one year of the date lapsed or voluntarily surrendered;
 - that voluntary surrender of a license does not preclude the department from initiating an administrative proceedings;
 - that licenses surrendered in lieu of administrative action are subject to license reapplication timelines.
- Amends code sections to
 - Add failure to maintain an active license in resident state to reasons to lapse a non-resident license;
 - Add voluntary service for a designated period of time to reasons a lapsed license may be reinstated without completing the following requirements: re-examination, payment of reinstatement fees, continuing education requirements, or other sanction for failing to comply with renewal procedures;
 - Clarify that a voluntarily surrendered line of authority may be reinstated within one year after the day the license was inactivated.
- Deletes requirement to maintain and submit a list of persons authorized by the insurer to appoint or terminate producers; current computer system capabilities negate the need for this list.
- Amends various code subsections dealing with continuing education

- Changes continuing education requirement to 24 hours (21 hours of product knowledge, 3 hours of ethics) each licensing period; current requirement is 12 hours minimum, 23 hours maximum of which 3 hours is ethics and 5 hours minimum for each product line of authority;
 - Deletes line of authority continuing education examinations; CE is no longer line of authority specific;
 - Clarifies that exemption from continuing education requirements is for licensees licensed prior to April 1, 1970.
- Makes same continuing education changes for adjusters.
- Amends various subsections pertaining to suspension of bail bond surety companies for failure to pay a forfeiture judgment
 - Clarifies motion filing timelines;
 - Clarifies that Department's timeline is tolled if motion is filed with timeline guidelines;
 - Deletes 60 day suspension requirement; suspension requirement is restated in subsection (5);
 - Deletes suspension timelines; timelines are restated in subsection (5);
 - Clarifies requirements for lifting of a suspension for failure to pay a forfeiture judgment;
 - Clarifies that Department shall initiate a revocation action if forfeiture judgement is not paid after licensee is suspended for 60 days.

Benefits of Legislation

- Clarifies licensing of viatical settlement producers.
- Clarifies several licensing issues regarding voluntary surrender and surrender in lieu of administrative action.
- Clarifies several licensing issues regarding lapsed licenses.
- Deletes requirement for insurers to submit and maintain a list of persons authorized to appoint or terminate producers.
- Changes continuing education requirements for producers and adjusters to 24 hours each two-year licensing period (21 hours of product knowledge + 3 hours of ethics training).
- Clarifies requirements pertaining to bail bond surety companies that have been suspended for failure to pay a forfeiture judgment.

Support for Legislation

- This bill comes from the Utah Insurance Department.

- The viatical settlement industry supports the change in licensure for viatical settlement producers.
- The following producer groups support the continuing education changes: Utah Association of Health Underwriters (UAHU), Utah Association of Independent Insurance Agents (UAIIA), Utah Association of Insurance and Financial Advisors (UAIFA). *Utah Land Title Association (ULTA) does not support the CE changes because of increase in hours and requirement to have additional title courses available.*
- The Bail Bond Surety Oversight Board and the Bail Bond and the Utah Association of Professional Bondsmen and Agents (UAPBA) support the clarifications in the requirements for a bail bond surety company that has been suspended for failure to pay a forfeiture judgment.